

JEFF MERKLEY
OREGON

United States Senate

WASHINGTON, DC 20510

COMMITTEES:

ENVIRONMENT AND
PUBLIC WORKS

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BUDGET

September 11, 2009

Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Dear Chairman Genachowski, and Commissioners McDowell, Baker and Clyburn,

I write today to draw your attention to concerns raised by multiple small telecommunications companies in rural Oregon regarding Universal Service Fund (USF) audits. I ask that in determining the future of USF audits, the Commission take into consideration the concerns of rural telecommunications providers.

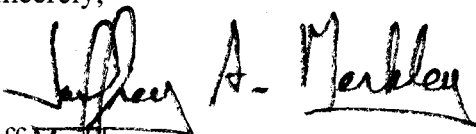
I commend the Federal Communications Commission (FCC) for seeking to end fraud, waste and abuse of the Universal Service Fund. Every telecommunications customer who pays into this fund expects that their contributions be used for their intended purposes: to aid low-income customers, rural customers, schools, libraries, and rural medical centers. Instances where USF funds are not used appropriately need to be investigated, remedied and appropriate penalties imposed in accordance with the law.

While I support the use of audits to ensure appropriate use of USF funds, I have heard from rural telecommunications providers in Oregon that the audit process can create undue hardship for their business and customers. I have also heard concerns that some of the auditors lack experience and knowledge of the telecommunications industry, making it difficult for the auditor to conduct a full and fair review of the organization as they can struggle to discern the difference between standard industry practices and inappropriate actions of a company. The small telecommunications companies in my state depend on the USF and want to see the funds used wisely, including the most efficient audits possible.

I commend the FCC for inviting public comment "on ways to further strengthen management, administration, and oversight of the USF... define more clearly the goals of the USF ... identify any additional quantifiable performance measures" and "comment on whether, and if so, to what extent the Commission's oversight of the USF can be improved." I know that some of my constituents submitted comments and offered to meet with FCC staff to discuss their concerns with the audit process among other issues. I encourage the FCC staff to take advantage of the opportunity to hear from small telecommunications providers who are working to comply with these requirements while providing service to customers in rural communities. I believe their insight may help the FCC improve the process and save taxpayer dollars while continuing to ensure USF dollars are spent appropriately.

Thank you in advance for your consideration of this matter. I look forward to working with you to ensure that USF audits are conducted in a manner that is fair to small and rural telecom companies, while also safeguarding taxpayer dollars.

Sincerely,



Jeff Merkley
United States Senator

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29 SEP 2009 RCUD

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OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

November 16, 2009

The Honorable Jeff Merkley
United States Senate
107 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Merkley:

Thank you for your letter regarding the concerns raised by multiple small telecommunications companies in rural Oregon about audits of Universal Service Fund (USF) beneficiaries. The Federal Communications Commission (FCC) appreciates your perspective and the perspectives of the rural telecommunications provider community. We also share your interest in improving the USF audit process while continuing to ensure USF dollars are spent appropriately.

The Government Accountability Office (GAO), Members of Congress, and others have highlighted the need to improve oversight of the USF. The FCC has worked to ensure that there is effective oversight of the USF. The FCC shares your concerns that the audits be efficient and not unduly burdensome on telecommunications providers who are striving to adhere to the FCC's rules for the USF program.

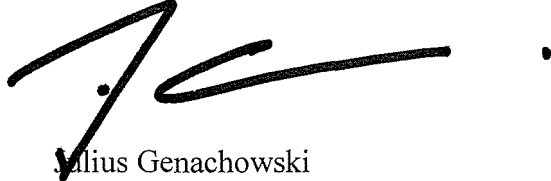
We are aware that recent audits of beneficiaries have at times been complicated by miscommunications between the auditors and the beneficiaries and that the audit findings may not have always provided meaningful results. The FCC is seeking to remedy these concerns and to establish a USF audit program that best meets the FCC's oversight needs and incorporates lessons learned from previous audits.

As you referenced in your letter, to address some of the concerns expressed by the GAO and others, the FCC issued a *Notice of Inquiry (NOI)* in September 2008, launching a "Comprehensive Review of the Universal Service Fund Management, Administration, and Oversight." The *NOI* sought comment on ways to further strengthen management, administration, and oversight of the USF, to define more clearly the goals of the USF, and to identify any additional quantifiable performance measures. The record that we have developed in this proceeding is helping to inform the FCC's approach to these oversight responsibilities going forward. Furthermore, the FCC is willing to meet with commenters, including your constituents, through its *ex parte* process to obtain additional insights about the USF audit program.

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I appreciate your interest in this important matter. Please do not hesitate to contact me if I can be of any further assistance.

Sincerely,

A handwritten signature in black ink, consisting of a large, stylized 'J' followed by a horizontal line and a small dot.

Julius Genachowski
Chairman